



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590
SEP 18 2014

REPLY TO THE ATTENTION OF:

CERTIFIED MAIL 7009 1680 0000 7663 7176
RETURN RECEIPT REQUESTED

Mr. Brad Ahbe
President
Canton Drop Forge Incorporated
4575 Southway Street Southwest
Canton, Ohio 44706

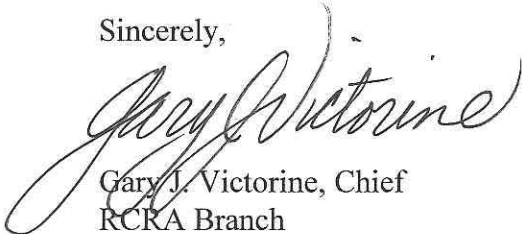
Re: Consent Agreement and Final Order
Canton Drop Forge, Inc.
Docket No: RCRA-05-2014-0013

Dear Mr. Ahbe:

Enclosed please find an original signed fully-executed Consent Agreement and Final Order (CAFO) in resolution of the above case. The originals were filed with the Regional Hearing Clerk on September 18, 2014.

Please pay the civil penalty in the amount of \$431,100 in the manner prescribed in paragraph 37 of the CAFO, and reference all checks with the docket number RCRA-05-2014-0013. Your payment is due within 30 calendar days of the effective date of the CAFO. Also, enclosed is a *Notice of Securities and Exchange Commission Registrant's Duty to Disclose Environmental Legal Proceedings*. Thank you for your cooperation in resolving this matter.

Sincerely,


Gary J. Victorine, Chief
RCRA Branch

Enclosures

cc: Bruce McCoy, OEPA – (bruce.mccoy@epa.state.oh.us)
Eaton Weiler, C-14J

NOTICE OF SECURITIES AND EXCHANGE COMMISSION REGISTRANTS' DUTY TO DISCLOSE ENVIRONMENTAL LEGAL PROCEEDINGS

Securities and Exchange Commission regulations require companies registered with the SEC (e.g., publicly traded companies) to disclose, on at least a quarterly basis, the existence of certain administrative or judicial proceedings taken against them arising under Federal, State or local provisions that have the primary purpose of protecting the environment. Instruction 5 to Item 103 of the SEC's Regulation S-K (17 CFR 229.103) requires disclosure of these environmental legal proceedings. For those SEC registrants that use the SEC's "small business issuer" reporting system, Instructions 1-4 to Item 103 of the SEC's Regulation S-B (17 CFR 228.103) requires disclosure of these environmental legal proceedings.

If you are an SEC registrant, you have a duty to disclose the existence of pending or known to be contemplated environmental legal proceedings that meet any of the following criteria (17 CFR 229.103(5)(A)-(C)):

- A. Such proceeding is material to the business or financial condition of the registrant;
- B. Such proceeding involves primarily a claim for damages, or involves potential monetary sanctions, capital expenditures, deferred charges or charges to income and the amount involved, exclusive of interest and costs, exceeds 10 percent of the current assets of the registrant and its subsidiaries on a consolidated basis; or
- C. A governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the registrant reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000; provided, however, that such proceedings which are similar in nature may be grouped and described generically.

Specific information regarding the environmental legal proceedings that must be disclosed is set forth in Item 103 of Regulation S-K or, for registrants using the "small business issuer" reporting system, Item 103(a)-(b) of Regulation S-B. If disclosure is required, it must briefly describe the proceeding, "including the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceedings and the relief sought."

You have been identified as a party to an environmental legal proceeding to which the United States government is, or was, a party. If you are an SEC registrant, this environmental legal proceeding may trigger, or may already have triggered, the disclosure obligation under the SEC regulations described above.

This notice is being provided to inform you of SEC registrants' duty to disclose any relevant environmental legal proceedings to the SEC. This notice does not create, modify or interpret any existing legal obligations, it is not intended to be an exhaustive description of the legally applicable requirements and it is not a substitute for regulations published in the Code of Federal Regulations. This notice has been issued to you for information purposes only. No determination of the applicability of this reporting requirement to your company has been made by any governmental entity. You should seek competent counsel in determining the applicability of these and other SEC requirements to the environmental legal proceeding at issue, as well as any other proceedings known to be contemplated by governmental authorities.

If you have any questions about the SEC's environmental disclosure requirements, please contact the SEC Office of the Special Senior Counsel for Disclosure Operations at (202) 942-1888.

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5**

In the Matter of:

**Canton Drop Forge, Inc.
Canton, Ohio
U.S. EPA ID No. OHD004465142**

Respondent.

Docket No. RCRA-05-2014-0013

**Consent Agreement
and Final Order**



Consent Agreement and Final Order

The United States Environmental Protection Agency (U.S. EPA or Complainant) and Canton Drop Forge, Inc. (Canton Drop Forge or Respondent) have agreed to settle this action and consent to the entry of this Consent Agreement and Final Order (CAFO) without any adjudication of any issues of law or fact herein.

Preliminary Provisions

1. This is an administrative action commenced and concluded under Section 3008(a) of the Solid Waste Disposal Act, as amended, also known as the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. § 6928(a), and Sections 22.13(b) and 22.18(b)(2) and (3) of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits (Consolidated Rules) as codified at 40 C.F.R. Part 22.
2. Jurisdiction for this action is conferred upon U.S. EPA by Sections 3006 and 3008 of RCRA, 42 U.S.C. §§ 6926 and 6928.
3. The Complainant, by lawful delegation, is the Director of the Land and Chemicals Division, U.S. EPA, Region 5.
4. Respondent is a corporation doing business in the State of Ohio.

5. Where the parties agree to settle one or more causes of action before the filing of a complaint, the administrative action may be commenced and concluded simultaneously by the issuance of a CAFO. 40 C.F.R. § 22.13(b).

6. The parties agree that settling this action without the filing of a complaint or the adjudication of any issue of fact or law is in their interest and in the public interest.

7. Respondent waives its right to request a hearing as provided at 40 C.F.R. § 22.15(c), any right to contest the allegations in this CAFO, and its right to appeal this CAFO.

8. Respondent consents to the terms of this CAFO, including the assessment of the Civil Penalty and the issuance of the Compliance Provisions.

9. U.S. EPA provided notice of commencement of this action to the State of Ohio pursuant to Section 3008(a)(2) of RCRA, 42 U.S.C. § 6928(a)(2).

10. Respondent admits the jurisdictional allegations in this CAFO and neither admits nor denies the factual allegations and alleged violations in this CAFO.

Statutory and Regulatory Background

11. U.S. EPA has promulgated regulations establishing a hazardous waste management program, codified at 40 C.F.R. Parts 260 through 279, governing, *inter alia*, generators of used oil, pursuant to Sections 3001 – 3023, 42 U.S.C. §§ 6921 – 6939e.

12. Under Section 3006 of RCRA, 42 U.S.C. § 6926, U.S. EPA may authorize a state to administer the RCRA hazardous waste management program in lieu of the federal program when the Administrator finds that the state program meets certain conditions.

13. Under Section 3008(a), U.S. EPA may issue an order assessing a civil penalty or requiring compliance to any person that has violated or is in violation of any requirement of Subtitle C of RCRA (Sections 3001-3023, 42 U.S.C. §§ 6921-6939e), including any requirement

of a state hazardous waste management program authorized under Section 3006(b) of RCRA, 42 U.S.C. § 6926(b).

14. Under Section 3006(b) of RCRA, 42 U.S.C. § 6926(b), U.S. EPA granted the State of Ohio final authorization to administer a state hazardous management waste program in lieu of the federal government's program effective June 30, 1989. 54 *Fed. Reg.* 27170 (June 28, 1989).

15. OAC Chapter 3745-279 [40 C.F.R. Part 279] sets forth the minimum standards for the management of used oil (Used Oil Management Standards).

16. Under OAC rule 3745-279-12(A), [40 C.F.R. 279.12(a)], a used oil generator is prohibited from managing used oil in a surface impoundment unit, unless:

- a. It is subject to a hazardous waste operating permit meeting the minimum standards for the management of hazardous waste in surface impoundments, set forth at OAC Chapters 3745-54 through 3745-57 and 3745-205 [40 C.F.R. Part 264, Subparts A through N and DD]; or
- b. It is subject to the interim status standards for the management of hazardous waste in surface impoundments, set forth at OAC Chapters 3745-65 through 3745-69 and 3745-256 [40 C.F.R. Part 265, Subparts A through N and DD].

17. Under OAC rule 3745-279-22(A) [40 C.F.R. 279.22(a)], a used oil generator is prohibited from storing used oil in a surface impoundment unit, unless:

- a. It is subject to a hazardous waste operating permit meeting the minimum standards for the management of hazardous waste in surface impoundments, set forth at OAC Chapters 3745-54 through 3745-57 and 3745-205 [40 C.F.R. Part 264, Subparts A through N and DD]; or

- b. It is subject to the interim status standards for the management of hazardous waste in surface impoundments, set forth at OAC Chapters 3745-65 through 3745-69 and 3745-256 [40 C.F.R. Part 265, Subparts A through N and DD].

Factual Allegations and Alleged Violations

16. Unless otherwise indicated, Complainant alleges the following at all times relevant to this CAFO.

17. Respondent constitutes a “person,” as defined under OAC rule 3745-50-10(A)(95) [40 C.F.R. § 260.10], and Section 1004(15) of RCRA, 42 U.S.C. § 6903(15).

18. Respondent manufactures steel forgings on land and other appurtenances that it owns at 4575 Southway Street SW, Canton, Ohio (Respondent’s Facility or Facility).

19. Respondent constitutes an “owner” and “operator” of a facility as those terms are defined under OAC rules 3745-50-10(A)(90) and (91) [40 C.F.R. § 260.10].

20. Respondent uses oil as part of its manufacturing process, resulting in the generation of “used oil,” as defined under OAC rule 3745-279-01(A)(12) [40 C.F.R. § 279.1].

21. Respondent constitutes a “used oil generator,” as defined under OAC rule 3745-279-01(A)(17) [40 C.F.R. § 279.1].

Count 1

22. Complainant incorporates Paragraphs 1 through 21 of this CAFO as though set forth in this Paragraph.

23. Respondent caused or allowed “used oil” to be conveyed and released to a clay-lined basin at the Facility (identified as Pond No. 1, or Lagoon No. 1).

24. Pond No. 1 constitutes a “surface impoundment,” as defined under OAC rule 3745-50-10(A)(120) [40 C.F.R. § 260.10].

25. Respondent “managed” used oil in Pond No 1, as defined under OAC rule 3745-50-10(A)(77) and [40 C.F.R. § 260.10].

26. Respondent “stored” used oil in Pond No. 1, as defined under OAC rule 3745-50-10(A)(118) [40 C.F.R. § 260.10].

27. Respondent violated OAC rule 3745-279-12(A) [40 C.F.R. 279.12(a)] by managing used oil in the surface impoundment identified as Pond No. 1 without a hazardous waste operating permit meeting the minimum standards for the management of hazardous waste in surface impoundments, and without meeting the interim status standards for the management of hazardous waste in surface impoundments.

28. Respondent violated OAC rule 3745-279-22(A) [40 C.F.R. 279.22(a)] by storing used oil in the surface impoundment identified as Pond No. 1 without a hazardous waste operating permit meeting the minimum standards for the management of hazardous waste in surface impoundments, and without meeting the interim status standards for the management of hazardous waste in surface impoundments.

Count 2

29. Complainant incorporates Paragraphs 1 through 28 of this CAFO as though set forth in this Paragraph.

30. Respondent caused or allowed “used oil” to be conveyed and released to an earthen-basin at the Facility (identified as Pond No. 2, or Lagoon No. 2).

31. Pond No. 2 constitutes a “surface impoundment,” as defined under OAC rule 3745-50-10(A)(120) [40 C.F.R. § 260.10].

32. Respondent “managed” used oil in Pond No 2, as defined under OAC rule 3745-50-10(A)(77) [40 C.F.R. § 260.10].

33. Respondent “stored” used oil in Pond No. 2, as defined under OAC rule 3745-50-10(A)(118) [40 C.F.R. § 260.10].

34. Respondent violated OAC rule 3745-279-12(A) [40 C.F.R. 279.12(a)] by managing used oil in the surface impoundment identified as Pond No. 2 without a hazardous waste operating permit meeting the minimum standards for the management of hazardous waste in surface impoundments, and without meeting the interim status standards for the management of hazardous waste in surface impoundments

35. Respondent violated OAC rule 3745-279-22(A) [40 C.F.R. 279.22(a)] by storing used oil in the surface impoundment identified as Pond No. 2 without a hazardous waste operating permit meeting the minimum standards for the management of hazardous waste in surface impoundments, and without meeting interim status standards for the management of hazardous waste in surface impoundments.

Civil Penalty

36. Pursuant to Section 3008(a)(3) of RCRA, 42 U.S.C. § 6928(a)(3), Complainant determined that an appropriate civil penalty to settle this action is Four Hundred Thirty One Thousand, One Hundred U.S. Dollars (\$431,100.00). In determining the penalty amount, Complainant took into account, *inter alia*, the seriousness of the alleged violations and Respondent’s cooperation in resolving the matter, in accordance with U.S. EPA’s RCRA Civil Penalty Policy.

37. Within 30 days after the effective date of this CAFO, Respondent must pay the civil penalty by sending a cashier’s or certified check, payable to the “Treasurer, United States of America,” to:

U.S. EPA
Fines and Penalties
Cincinnati Finance Center
P.O. Box 979077
St. Louis, MO 63197-9000

The check must note the following: In the Matter of Canton Drop Forge, Inc. and the docket number of this CAFO.

37. A transmittal letter stating Respondent's name, the case title and the case docket number must accompany the payment. Respondent must send a copy of the check and transmittal letter to:

Regional Hearing Clerk (E-19J)
U.S. EPA, Region 5
77 West Jackson Blvd.
Chicago, IL 60604

Brian Kennedy (LR-8J)
RCRA Branch
U.S. EPA, Region 5
77 West Jackson Blvd.
Chicago, IL 60604

Eaton Weiler (C-14J)
Office of Regional Counsel
U.S. EPA, Region 5
77 West Jackson Blvd.
Chicago, IL 60604

38. This civil penalty is not deductible for federal tax purposes.

39. If Respondent does not timely pay the civil penalty, U.S. EPA may bring an action to collect any unpaid portion of the penalty with interest, handling charges, nonpayment penalties, and the United States enforcement expenses for the collection action. The validity, amount, and appropriateness of the civil penalty are not reviewable in a collection action.

40. Pursuant to 31 C.F.R. § 901.9, Respondent must pay the following on any amount overdue under this CAFO. Interest will accrue on any amount overdue from the date payment was

due at a rate established by the Secretary of the Treasury pursuant to 31 U.S.C. § 3717(a)(1).

Respondent must pay a \$15 handling charge each month that any portion of the penalty is more than 30 days past due. In addition, Respondent must pay a 6 percent per year penalty on any principal amount 90 days past due.

Compliance Provisions

41. Respondent shall not store, manage, or handle used oil except in compliance with the requirements and prohibitions codified at OAC Chapter 3745-279.

42. Respondent shall take all necessary measures to prohibit the discharge of used oil into surface impoundments at the Facility, including, but not limited to: designing, installing and operating a sufficient process wastewater system; designing, installing and operating sufficient oil-water separators; and complying with the terms and conditions of Permit to Install No. 975138, issued by the Ohio Environmental Protection Agency (OEPA) under OAC Chapter 3745-42.

43. Within 10 days of the effective date of this CAFO, Respondent shall submit to OEPA for review and approval a closure plan for Pond Nos. 1 and 2. The closure plan shall meet the requirements at OAC rules 3745-55-11 through 3745-55-20, and the requirements specific to surface impoundments at OAC rule 3745-56-28.

44. Respondent's closure plan shall be subject to review and approval by OEPA. If OEPA does not approve Respondent's closure plan and provides Respondent with a written statement of its deficiencies, then Respondent shall, within 30 days of receiving OEPA's written statement, submit to OEPA for review and approval a revised closure plan addressing the deficiencies. If OEPA approves Respondent's closure plan or modifies Respondent's closure plan, the approved or modified closure plan shall become the approved "Closure Plan."

45. Respondent may enter into any necessary agreements with OEPA pursuant to Respondent's implementation of the Closure Plan, provided that the terms of any such agreements do not conflict with the terms of this CAFO.

46. Respondent shall implement the Closure Plan in accordance with this CAFO and OAC rule 3745-55-13.

47. Respondent shall provide U.S. EPA quarterly progress reports of its implementation of the Closure Plan. Progress reports shall be submitted no later than 15 calendar days following the end of each calendar quarter. Each progress report shall include, but shall not be limited to, the following information: (a) The status of the removal of oil-water emulsion from Pond Nos. 1 and 2, related photographs, and the volume of free phase oil and water removed from each Pond; (b) The status of the excavation of oil-impacted bottom material from Pond Nos. 1 and 2, related photographs, and the volume of bottom material removed for each Pond; (c) The status of the excavation of oil-affected soils adjacent to Pond Nos. 1 and 2, related photographs, and the volume of adjacent soils removed for each Pond; (d) The status of confirmatory sampling (as applicable) and the analytical results for the constituents of concern as outlined in the Closure Plan; (e) The status of backfilling and restoration of Ponds Nos. 1 and 2 and related photographs; and (f) A description of any event causing an actual or anticipated delay in the implementation of the Closure Plan, the actual or anticipated length of the delay, the nature and cause of the event, all measures taken or to be taken by Respondent to prevent or minimize the delay.

48. Within 30 days of OEPA's approval of the Closure Plan, Respondent shall submit to OEPA for review and approval a cost estimate and documentation demonstrating Respondent has established financial assurance and liability coverage, in accordance with OAC rules 3745-55-42 through 3745-55-47.

49. Within 60 days after Respondent completes closure of Pond Nos. 1 and 2, Respondent shall submit to OEPA a certification of closure in accordance with OAC rule 3745-55-15.

50. Prior to entering into any agreement or contract to convey, transfer, or assign ownership of any part of the Facility subject to this CAFO to any person who is not a party to this CAFO (Grantee), Respondent shall provide Grantee with a true, accurate and complete copy of this CAFO.

51. Within 15 days of entering into any agreement or contract to convey, transfer, or assign ownership of any part of the Facility subject to this CAFO, Respondent shall provide to U.S. EPA and OEPA notification in writing. Such notification shall include: Grantee's name, address, and agent, and contact information.

52. Respondent shall submit all reports, submissions, and notifications required by this CAFO to:

Brian Kennedy (LR-8J)
RCRA Branch
U.S. EPA, Region 5
77 West Jackson Blvd.
Chicago, IL 60604

General Provisions

53. Compliance with the terms of this CAFO resolves Respondent's liability for the facts and violations alleged in this CAFO.

54. Failure to comply with the terms of the Compliance Provisions of this CAFO may subject Respondent to penalties under Section 3008(c) of RCRA, 42 U.S.C. § 6928(c).

55. This CAFO does not affect Respondent's responsibility to comply with RCRA and other applicable federal, state, local laws or permits.

56. This CAFO is a "final order" for purposes of 40 C.F.R. § 22.31, U.S. EPA's RCRA Civil Penalty Policy, and U.S. EPA's Hazardous Waste Civil Enforcement Response Policy.

57. The terms of this CAFO bind Respondent, its successors, and assigns.

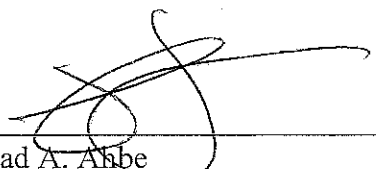
58. Each person signing this agreement certifies that he or she has the authority to sign for the party whom he or she represents and to bind that party to its terms.

59. Each party agrees to bear its own costs and attorney's fees in this action.

60. This CAFO constitutes the entire agreement between the parties.

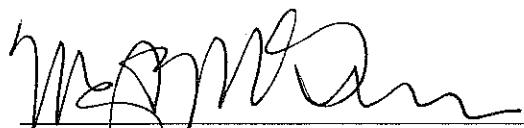
Canton Drop Forge, Inc., Respondent

8/19/2014
Date


Brad A. Akhe
President
Canton Drop Forge, Inc.

United States Environmental Protection Agency, Complainant

9/4/2014
Date

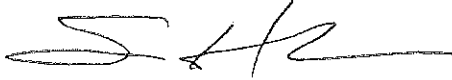

Margaret M. Guerriero
Director
Land and Chemicals Division

In the Matter of:
Canton Drop Forge, Inc.
Docket No. RCRA-05-2014-0013

Final Order

This Consent Agreement and Final Order, as agreed to by the parties, shall become effective immediately upon filing with the Regional Hearing Clerk. This Final Order concludes this proceeding pursuant to 40 C.F.R. §§ 22.18 and 22.31. IT IS SO ORDERED.

9-10-2014
Date



Susan Hedman
Regional Administrator
United States Environmental Protection Agency
Region 5

Consent and Final Order

In the Matter of: Canton Drop Forge, Inc.

DOCKET NO: RCRA-05-2014-0013

CERTIFICATE OF SERVICE

I hereby certify that today I filed the original of this Consent Agreement and Final Order ((CAFO) docket number RCRA-05-2014-0013 the Regional Hearing Clerk (E-19J), United States Environmental Protection Agency, Region 5, 77 W. Jackson Boulevard, Chicago, Illinois 60604, and that I mailed the second original copy to Respondent by first-class, postage prepaid, certified mail, return receipt requested, by placing it in the custody of the United States Postal Service addressed as follows :

Mr. Brad Ahbe
President
Canton Drop Forge Incorporated
4575 Southway Street Southwest
Canton, Ohio 44706
Certified Mail # 7009 1680 0000 7663 7176

I certify that I delivered a correct copy of the CAFO by intra-office mail, addressed as follows:

Regional Judicial Officer (C-14J)
U.S. Environmental Protection Agency
77 W. Jackson Boulevard
Chicago, Illinois 60604

On the 18th Day of September



Ruben B. Aridge
Office Administrative Assistant
United States Environmental Protection Agency
Region V
Land and Chemicals Division LM-8J
77 W. Jackson Blvd, Chicago, IL 60604-3590

Certified Mail Receipt Number: 7009 1680 0000 7663 7176